

## INPUT®

Parsippany Place Corporate Center, Suite 201, 959 Route 46 East, Parsippany, NJ 07054-3492 (201) 299-6999

August 14, 1990

Ms. Judy Hamilton  
Ernst & Young  
New York, NY

Via Fax 212-927-9156

Dear Ms. Hamilton:

This proposal replaces that of August 8 and reflects my conversations with Brian Buffington on August 10 and 13. We will supply two kinds of assistance for your planning process:

A special U.S. subscription program with current reports and full support for the remainder of 1990:

- Systems Integration Market Analysis Report
- Systems Operations Market Analysis Report
- Systems Integration Competitive Analysis Report
- Systems Operations Competitive Analysis Report
- Professional Services Market Analysis Report (from the Market Analysis Program)
- U.S. Information Industry Report
- Preliminary high level 1990 U.S. forecasts
- Your subscription will include all current (1989) reports, with 1990 reports delivered when issued

Customized research to support your planning requirements, which will expand the information provided by the subscription programs.

The customized research will provide the following:

1. The size and growth of the E&Y segments, mapped from INPUT segments:
  - IT Strategy Consulting (part of INPUT's "Consulting" delivery mode as well as part of "Systems Integration")



- Information Management Consulting (part of INPUT's "Consulting" delivery mode as well as part of "Systems Integration")
  - Systems Planning, Design and Delivery (made up of INPUT's "Programming/Systems Analysis" delivery mode as well as part of "Systems Integration")
  - Systems Management (made up of part of INPUT's "Systems Operations" delivery mode)
2. Information on major IS Professional Services Companies
- The principal focus would be quantitative information on
    - Segment market shares
    - Vertical market shares (grouped into a relatively few large vertical markets)
    - Number of professionals by segment
  - We would also supply
    - Positioning on the segmentation continuum
    - A list illustrating partnerships and alliances, with a brief description of the alliance.
  - For purposes of this work, competitors would be divided into two groups
    - Firms offering a spectrum of services, namely, other Big 6, EDS, CSC, IBM, and DEC. For these, INPUT will provide detailed numeric breakouts.
    - General consultants with IS components (Booz, McKinsey, BCG, Bain, ADL, A.T. Kearney). For these, INPUT will supply segment shares only.



3. As needed to supplement subscription information: More general information on historic performance, cost structure and profitability. INPUT will provide insights into such issues as success factors; general strength, weaknesses, and strategies; specific strategies. (We are assuming this will require approximately three senior staff days, or the equivalent.)

We can supply the information above on the following schedule:

- Published reports: Within two days after your acceptance
- Customized Research
  - Part One: Within three days after acceptance
  - Part Two: First week after acceptance (initial data)
  - Part Three: Ongoing

The total fee is \$30,000. The portion allocatable to the subscription is \$15,000.

For your information, as was requested, the subscription cost could be reduced further by omitting all subscription program support (that is, hot line, telephone consulting, and conferences). This would reduce the subscription program cost by an additional \$3,000., bringing the subscription program cost to \$12,000., and the total fee to \$27,000.

INPUT does not recommend this second option because INPUT's reports are the tip of its information iceberg. The access to INPUT's knowledge bases and senior staff is where INPUT typically adds the most value for its clients.



Please call me if you have any questions. If this proposal is acceptable, please sign the authorization section and return a full copy of this letter.

Sincerely,



Tom O'Flaherty  
Vice President

TOF:ms

AUTHORIZED BY:  
Ernst & Young

ACCEPTED BY:  
INPUT

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

cc: Brian Buffington





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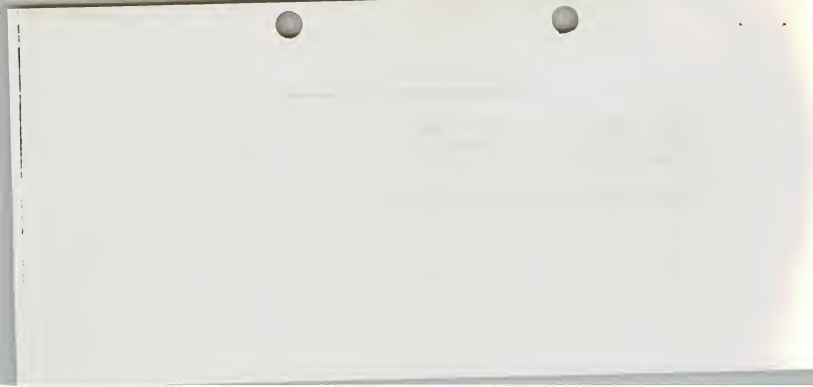


## REFERENCES

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FAX TRANSMITTAL FORMCOVER SHEET - Page 1

DESTINATION:

Judy Hamilton

FAX NUMBER:

(212) ~~929-9156~~ 977- 9358

ATTENTION:

Ernst + Young

Telephone Number/Location \_\_\_\_\_

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Tom O'Flaherty - Input

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COMMENTS:





# INPUT®

Parsippany Place Corporate Center, Suite 201, 959 Route 46 East, Parsippany, NJ 07054-3492

(201) 299-6999

October 1, 1990

Mr. Brian Buffington  
Ernst & Young  
Network Strategies  
10201 Lee Highway  
Fairfax, VA 22030

Dear Brian:

Enclosed are the final copies of the worksheets that we sent you throughout our recent project. We enjoyed working with you on this project.

If you have any other information requirements that we can assist with, please do not hesitate to call.

Sincerely,



Joanne E. Ponnwitz  
Associate Consultant



E&Y SEGMENTS (COMMERCIAL MARKET ONLY)

DELIVERY MODE	1988 (\$M)	1989 (\$M)	1990 (\$M)	1991 (\$M)	1992 (\$M)	1993 (\$M)	1994 (\$M)	CAGR 89-94
IT STRATEGY	523	622	747	891	1075	1295	1543	20%
IT MANAGEMENT	1690	2009	2413	2877	3472	4182	4987	20%
SYS. PLAN'G/DES./DEL.	10642	12620	14688	17130	19990	23362	27413	17%
SYSTEMS MANAGEMENT	760	999	1116	1267	1420	1630	1906	14%
TOTAL PROF.SVCS./SI	13615	16250	18964	22165	25957	30470	35849	17%
SYS. MGMT (PROCESSING)	3420	4084	4813	5682	6714	7942	9399	18%
GRAND TOTAL	17035	20334	23776	27846	32671	38412	45248	17%



SEGMENTATION	1988 (\$M)	1989 (\$M)	1990 (\$M)	1991 (\$M)	1992 (\$M)	1993 (\$M)	1994 (\$M)	CAGR 89-94
MANUFACTURING								
PROF. SERVICES / SI	5040	6169	7243	8514	10025	11829	13986	18%
SYS. OPS (PROCESS.)	300	491	579	681	801	943	1111	18%
TOTAL	5340	6660	7821	9195	10826	12772	15098	18%
FINANCE								
PROF. SERVICES / SI	2056	2476	2951	3522	4208	5037	6040	20%
SYS. OPS (PROCESS.)	1200	1416	1643	1905	2210	2564	2974	16%
TOTAL	3256	3892	4594	5427	6418	7601	9014	18%
INSURANCE								
PROF. SERVICES / SI	1284	1491	1713	1970	2267	2613	3017	15%
SYS. OPS (PROCESS.)	545	616	751	917	1118	1364	1664	22%
TOTAL	1829	2107	2464	2887	3385	3977	4681	17%
DISTRIBUTION								
PROF. SERVICES / SI	615	742	877	1043	1249	1506	1830	20%
SYS. OPS (PROCESS.)	75	83	100	120	145	175	209	20%
TOTAL	690	825	977	1163	1393	1680	2039	20%
MEDICAL								
PROF. SERVICES / SI	393	467	532	609	699	806	935	15%
SYS. OPS (PROCESS.)	550	635	725	835	960	1105	1270	15%
TOTAL	943	1102	1257	1444	1659	1911	2205	15%
UTILITIES								
PROF. SERVICES / SI	1280	1497	1740	2023	2356	2746	3206	16%
SYS. OPS (PROCESS.)	65	81	94	108	125	145	167	16%
TOTAL	1345	1578	1834	2131	2481	2891	3373	16%
OTHER SERVICES								
PROF. SERVICES / SI	476	540	612	696	793	905	1036	14%
SYS. OPS (PROCESS.)	25	30	37	45	56	68	84	23%
TOTAL	501	570	649	741	849	973	1120	14%
EDUC./S&L GOV'T								
PROF. SERVICES / SI	2231	2591	2980	3430	3952	4559	5265	15%
SYS. OPS (PROCESS.)	620	684	831	1012	1233	1504	1836	22%
TOTAL	2851	3275	3811	4442	5185	6063	7101	17%
TRANSPORTATION								
PROF. SERVICES / SI	239	277	315	359	410	468	534	14%
SYS. OPS (PROCESS.)	40	47	53	59	66	74	83	12%
TOTAL	279	324	368	418	476	542	617	14%
ALL COMMERCIAL IND.								
PROF. SERVICES / SI	13614	16250	18963	22165	25959	30469	35849	17%
SYS. OPS (PROCESS.)	3420	4084	4813	5682	6714	7942	9399	18%
GRAND TOTAL	17034	20333	23776	27847	32673	38411	45248	17%



# TOP VENDORS BY DELIVERY MODE

COMPANY	1989 REVENUE (\$M)	MKT. SHARE (%)	NUMBER PROFESSIONALS (EST. )
<u>IT Strategy</u>			
McKinsey	95	15	630
Andersen	85	14	560
IBM	50	8	330
A.D. Little	40	6	260
Booz-Allen	30	5	200
<u>IT Managment</u>			
IBM	160	8	1280
Andersen	92	5	730
CSC	60	3	480
Booz-Allen	60	3	480
EDS	55	3	440
A.D. Little	55	3	440
<u>Systems Development</u>			
IBM	577	5	6400
Andersen	533	4	5920
EDS	234	2	2600
AGS/NYNEX	225	2	2500
CSC	220	2	2440
DEC	201	2	2230
<u>Systems Management</u> (Non Fed, Pfs.Svcs.)			
CSC	85	9	1130
BCS	47	5	620
EDS	46	5	610
Andersen	18	2	240





## MANUFACTURING

### Professional Services

<u>Company</u>	<u>Revenue</u>
IBM	286
Andersen	270
EDS	144
CTG	115
CSC	101
DEC	87
AGS/NYNEX	82
KPMG(Peat)	74

### Systems Operations

<u>Company</u>	<u>Revenue</u>
EDS	107
A.D. Little	30
CSC	19
Andersen	10



## DISTRIBUTION

### Professional Services

<u>Company</u>	<u>Revenue</u>
Andersen	60
CSC	57
EDS	48
Unisys	32
DMR	28
IBM	25

### Systems Operations

<u>Company</u>	<u>Revenue</u>
EDS	39



## FINANCE

### Professional Services

<u>Company</u>	<u>Revenue</u>
Andersen	115
AGS/NYNEX	82
TRW	81
AT&T	57
SEI Corp	44

### Systems Operations

<u>Company</u>	<u>Revenue</u>
ADP	170
Securities Ind. Auto	120
Citicorp Info	94
Total Systems Services	40



## INSURANCE

### Professional Services

<u>Company</u>	<u>Revenue</u>
IBM	73
EDS	58
Policy Mgt	58
Andersen	47
CSC	44

### Systems Operations

<u>Company</u>	<u>Revenue</u>
EDS	122
Policy Mgt	80
CSC	65





## HEALTH

### Professional Services

<u>Company</u>	<u>Revenue</u>
Andersen	49
McDonnell Douglas	30
HBO	27
CSC	25
Keane	17
SMS	17
Deloitte	16
IBM	16
A.D. Little	15
Price Waterhouse	15

### Systems Operations

<u>Company</u>	<u>Revenue</u>
SMS	124
CSC	26
Cycare	21



## UTILITIES

### Professional Services

<u>Company</u>	<u>Revenue</u>
Andersen	75
DEC	74
IBM	50
CSC	43
CDC	41

### Systems Operations

<u>Company</u>	<u>Revenue</u>
EDS	15



# EDUCATION/S&L GOVERNMENT

## Professional Services

<u>Company</u>	<u>Revenue</u>
Unisys	73
CSC	70
OA0	63
Andersen	63
EDS	50
DEC	47.4

## Systems Operations

<u>Company</u>	<u>Revenue</u>
EDS	74
CSC	35



## TRANSPORTATION

### Professional Services

<u>Company</u>	<u>Revenue</u>
Andersen	29
Unisys	22
IBM	13
A.D. Little	12
McDonnel Douglas	12

### Systems Operations

<u>Company</u>	<u>Revenue</u>
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Note: No vendors found having over \$10 million in revenue.





## OTHER/SERVICES

### Professional Services

<u>Company</u>	<u>Revenue</u>
IBM	41
CTG	25.1
MARC	23.3
Andersen	20.1
E&Y	20

### Systems Operations

<u>Company</u>	<u>Revenue</u>
----------------	----------------

Note: No vendor found with over \$10 million in revenue.



PROFILES OF PROFESSIONAL SERVICES  
REVENUES OF MAJOR VENDORS/COMPETITORS

<u>Company</u>	<u>Segment</u>							
	IT Strategy		IT Mgt		Sys Dev.		Sys. Mgt.	
	Seg. Rev	Percent	Seg. Rev	Percent	Seg. Rev	Percent	Seg. Rev	Percent
IBM	50	6	160	20	577	74		
ANDERSEN	85	12	92	13	533	73	18	2
CSC	15	4	60	16	220	58	85	22
EDS	30	8	55	15	234	64	46	13
DEC	25	8	43	15	201	69	25	8
AD LITTLE	40	18	55	25	93	41	35	16
BOOZ ALLEN	30	29	60	57	15	14		
McKINSEY	95	76	30	24				
DEL. TOUCHE	10	8	28	21	94	71		
PRICE WATERHOUSE	20	17	37	32	59	51		
KPMG(Peat)	4	3	12	10	107	87		
C&L	2	1	7	4	180	95		



## **PROFILES**

### **IBM**

Does not emphasize strategy consulting. More interested in serving development since this will promote sales of hardware although IBM has strength in the CSF's necessary to gain work elsewhere. Emphasizing IS work in selected vertical markets where there is significant hardware/software potential. Alliances generally sought in relation to long term strategies.

### **ANDERSEN**

Emphasize strategy consulting as a means of selling IT management consulting and development. Strong planning and use of methodology for strategy consulting as well as selection of targets in manufacturing and other vertical markets. Also employs acquisition/development of resources and use of alliances to meet goals.

### **CSC**

Past reputation and capabilities have resulted in system development and operation work in manufacturing, distribution, health and insurance. Has bolstered ability to gain strategy consulting work through acquisition of Index and other staff, but has not emphasized IT management consulting similarly causing an anomaly in growth rates of different activities.

### **EDS**

Driven to gain business in development and system operation with less emphasis on consulting as illustrated by the difference in growth rates. EDS has used acquisitions, system software tools and development and operational oriented methodologies in selected target verticals in manufacturing, insurance and other markets to meet goals.

### **DEC**

As with IBM, DEC has been inclined to seek development work rather than consulting in order to promote equipment sales. Noting that consulting leads to equipment decisions, emphasis on strategy and IT management consulting is being increased. DEC is also being approached for system operation work.



#### DELOITTE TOUCHE

Have developed ability and a reputation in development and IT management consulting that the company is trying to build upon to gain more strategy consulting work. Have not developed the planning methods or capabilities of Andersen or others to really move ahead.

#### PRICE WATERHOUSE

Have maintained a presence in IT strategy and management consulting as well as in development. Do not have the credentials or planning of Andersen or McKinsey to really grow strategy consulting or the drive and capabilities of Andersen and EDS in development.

#### KPMG and Coopers/Lybrand

Have concentrated on capabilities to support development work, but could be exposed to attacks from Andersen Consulting, CSC or other companies that utilize assignments in IT strategy and management consulting to promote development work. Also, their work on development methodology and tools has not been as intensive related to planning for revenue gains as similar work of Andersen, EDS or CSC.

#### A.D. LITTLE

Company often acts like a non-profit organization with work in IS and other areas. Its development, systems operation and other assignments may be involved with new imaging technology or factory floor automation. This orientation results in greater emphasis on IT management consulting and development as shown in growth and revenue activities.

#### BOOZ ALLEN

Relies on business knowledge to gain business in IT strategy and management consulting, but does not compete for system development work as much and neglects opportunities for system operation.

#### McKINSEY

Emphasizes high level problem solving ability to gain IT strategy consulting (primarily) and IT management consulting. Regards other consulting work as less important (and prone to pitfalls). Not as apt to have continuing IT related assignments at a client as Andersen and EDS.





# Critical Success Factors

## Strategy Consulting

### DRAFT

	<u>IBM</u>	<u>ANDERSEN</u>	<u>CSC</u>	<u>EDS</u>	<u>DEC</u>	<u>ADL</u>	<u>BOOZ</u>	<u>AGS</u>	<u>MCKINSEY</u>
- Executive Contacts	5	5	4	3	3	3	4	2	5
- Sr IS Contacts	5	4	3	3	4	3	3	3	3
- Mgt Consulting Skills	3	4	4	3	3	4	5	2	5
- Mgt Consulting Image	3	3	4	3	3	4	4	2	5
- Successful IT Strategy Assignm'ts	4	4	4	3	3	4	4	3	5
- Comprehensive Systems Knowledge	4	4	4	4	3	4	4	3	4
- Knowledge of Industry Business	3	4	4	4	3	4	5	2	5
- Knowledge of IT Issues in Industry	4	5	4	4	4	4	4	3	4
- Planning/Methodology for Consulting	3	5	4	3	3	4	4	2	5



# Critical Success Factors

## IT Management Consulting

### DRAFT

	<u>IBM</u>	<u>ANDERSEN</u>	<u>CSC</u>	<u>EDS</u>	<u>DEC</u>	<u>ADL</u>	<u>BOOZ</u>	<u>AGS</u>	<u>MCKINSEY</u>
- Executive Contacts	5	5	4	3	3	3	4	2	5
- Sr IS Contacts	5	4	3	3	4	3	3	3	3
- Mgmt Consulting Skills	3	4	4	3	3	4	5	2	5
- IS Mgmt Knowledge	4	4	4	4	3	3	3	2	3
- Knowledge of IS Use In Industry	4	5	4	4	3	4	3	3	5
- Comprehensive IS Ops. Knowledge	4	3	4	5	3	3	3	3	3
- Knowledge of IS Development	4	4	5	4	4	3	3	4	2
- Planning/Methodology for Consulting	3	5	4	3	3	4	4	2	5



# Critical Success Factors

## Development

### DRAFT

	<u>IBM</u>	<u>ANDERSEN</u>	<u>CSC</u>	<u>EDS</u>	<u>DEC</u>	<u>ADL</u>	<u>BOOZ</u>	<u>AGS</u>	<u>MCKINSEY</u>
- Executive Contacts	5	5	4	3	3	3	4	2	5
- Operating Dept Contacts	3	3	3	3	3	4	4	3	NA
- Sr IS Contacts	5	4	3	3	4	3	3	3	3
- Project Mgmt/Organization Skills	3	4	4	4	3	3	2	4	NA
- Broad Technical Skills	5	4	4	4	5	3	3	4	NA
- Knowledge of IS Use In Industry	4	5	4	4	3	4	3	3	5
- Proposal Preparation	3	4	4	4	3	?	4	4	NA
- Internal Controls	4	5	4	5	3	3	3	2	NA
- Alliance Management	4	3	3	3	3	?	?	?	NA
- Development Methodology	4	4	2	2	2	2	1	2	NA
- Sources of Technical Skills	4	4	4	4	4	?	?	3	NA
- Sources for Low Cost Equipment	5	4	4	5	5	1	1	2	NA
- Pricing Strategy	3	3	4	4	3	NA	NA	2	NA
- Advnced Tech Orientation/Image	5	5	5	4	5	5	NA	3	NA



# Critical Success Factors

## Systems Management/Systems Operation

### DRAFT

	<u>IBM</u>	<u>ANDERSEN</u>	<u>CSC</u>	<u>EDS</u>	<u>DEC</u>	<u>ADL</u>	<u>BOOZ</u>	<u>AGS</u>	<u>MCKINSEY</u>
- Systems Operations Mgt Knowledge	3	2	5	5	3	1	1	2	NA
- Sources for Low Cost Equipment	5	4	4	5	5	1	1	2	NA
- Sr IS Contacts	5	4	3	3	4	3	3	3	3
- Executive Contacts	5	5	4	3	3	3	4	2	5
- Proposal Preparation	3	4	4	4	3	?	4	4	NA
- Pricing Strategy	3	4	4	4	3	NA	NA	2	NA
- Internal Controls	4	5	4	5	3	3	3	2	NA
- Alliance Mgmt	4	3	3	3	3	?	?	?	NA
- Knowledge of IS Use In Industry	4	5	4	4	3	4	3	3	5
- Financial Strength	5	4	4	5	4	NA	NA	5	NA





MERGERS AND ACQUISITIONS  
PROFESSIONAL SERVICE FIRMS

<u>Firm</u>	<u>Acquired Firm</u>	<u>Year</u>
Andersen Consulting	-Courseware	1989
	-Kestnbaum & Co	1988
CSC	-Inform Ltd (U.K.)	1989
	-CIG Intersys Group (Belgium)	1989
	-Cleveland Consulting Associate (Cleveland)	1989
	-LPS, Inc. (Minneapolis)	1989
	-Inforem, Ltd. (Weybridge, England)	1989
	-Computer Partners (Boston)	1988
	-Index Group (Cambridge, MA)	1988
	-CIG-Intersys Group (Belgium)	1988
	-Seako, Inc.	1988
CTG	-Scientific Integrated Systems Services	1988
	-Maxima Computer Management Consultants Inc.	1986
	-Shubrooks International, Ltd (GB)	1986
	-Quadra Systems, Inc. (San Antonio)	1986
	-United Software Consultants, Inc. (Chicago, IL)	1986
NYNEX	-AGS Computers	
	-Multiple Tech. (Detroit, MI)	
	-Teco Technologies (Tampa, FL)	
CBIS	-Auxton Computer Enterprises (Maitland, FL)	1987
	-Vanguard Technologies International (Fairfax, VA)	1988
E&Y	-Network Strategies, Inc (Fairfax, VA)	
C&L	-Computer Assistance (West Hartford, CT)	



## JOINT VENTURES, ALLIANCES &amp; INVESTMENTS

<u>Firm</u>	<u>Type</u>	<u>Other Vendors</u>	<u>Notes: (Products/Services)</u>
IBM	Alliance	CTG	AD/Cycle
IBM	Alliance	CAP Gemeni America	AD/Cycle
IBM	Alliance	G.E. Consulting	AD/Cycle
IBM	Alliance	Computer Power Group	AD/Cycle
IBM	Alliance	Andersen Consulting	Marketing
IBM	Alliance	Keane, Inc.	Marketing
IBM	Alliance	Planning Research Corp.	Marketing
IBM	Alliance	SAGE Federal Systems	Marketing
IBM	Investment	KnowledgeWare	CASE
IBM	Investment	Bachman Info. Systems	CASE
IBM	Investment	Index Technology	CASE
IBM	Joint Venture	Baxter-Travenol	Marketing
CTG	Joint Venture	A.T. Kearney	Prof. Services
Bell Atlantic	Joint Venture	American Mgt. Systems	Network Services
Andersen Conslt.	Alliances	DEC	Insurance Software
		MSA	Accounting Software
		McCormack & Dodge	Accounting Software
C&L	Alliances	McCormack & Dodge	Accounting Software
		MSA	Accounting Software
		AMS	Accounting Software



JOINT VENTURES, ALLIANCES & INVESTMENTS  
continued

Deloitte,Haskins & Sells	Alliances	Holland Systems Index Technology	CASE CASE
E&Y	Alliances	MSA McCormack & Dodge Integral Systems	Accounting Software Accounting Software Accting; hum res.Software
Price Waterhse	Alliances	Qronos	Manufacturing Software
IBM	Investment	CTG	Max 19.9% stake
IBM	Investment	American Mgt System	Max 20% stake
IBM	Investment	Policy Mgt Systems	Current 20% stake
IBM	Investment	Baxter Healthcare Corp.	Partnership



COMPANY	1987					1988					1989				
	IT	IT	SYS.	SYS.	TOTAL	IT	IT	SYS.	SYS.	TOTAL	IT	IT	SYS.	SYS.	TOTAL
	STRTRY.	MGMT.	DEV.	MGMT.	PFS. SVCS.	STRTRY.	MGMT.	DEV.	MGMT.	PFS. SVCS.	STRTRY.	MGMT.	DEV.	MGMT.	PFS. SVCS.
ANDERSEN	41	52	302		395	60	70	405	15	550	85	92	533	18	728
C & L	1	3	140		144	1	5	155		161	2	7	180		189
DELOITTE	8	15	90		113	10	20	93		123	10	28	94		132
PRICE WATERHOUSE	12	18	50		80	17	25	55		97	20	37	59		116
KPMG (PEAT)	3	6	60		69	4	9	81		94	4	12	107		123
McKINSEY	65	16			81	78	22			100	95	30			125
BOOZ ALLEN	21	48			69	25	54	11		90	30	60	15		105
A.D. LITTLE	34	44	70		148	37	49	79	20	185	40	55	93	35	223
IBM	43	134	481		658	46	142	526		714	50	160	577		787
DEC	12	39	165	9	225	18	41	180	16	255	25	43	201	25	294
EDS	14	30	156	31	231	22	39	192	38	291	30	55	234	46	365
CSC	9	47	170	62	288	12	53	195	73	333	15	60	220	85	380





## ESTIMATED NUMBER OF IS PROFESSIONALS (ROUNDED TO THE NEAREST 5)

COMPANY	1987					1988					1989				
	IT	IT	SYS.	SYS.	TOTAL	IT	IT	SYS.	SYS.	TOTAL	IT	IT	SYS.	SYS.	TOTAL
	STRATEG	MGMT.	DEV.	MGMT.	PFS. SVCS.	STRATEG	MGMT.	DEV.	MGMT.	PFS. SVCS.	STRATEG	MGMT.	DEV.	MGMT.	PFS. SVCS.
ANDERSEN	330	500	4000		4830	440	615	4935	220	6210	560	730	5920	240	7450
C & L	10	30	1855		1895	10	45	1890		1945	15	55	2000		2070
DELOITTE	65	145	1190		1400	70	175	1135		1380	70	225	1045		1340
PRICE WATERHOUSE	95	170	660		925	125	220	670		1015	135	295	655		1085
KPMG (PEAT)	25	60	795		880	30	80	990		1100	30	95	1190		1315
McKINSEY	520	155			675	575	195			770	635	245			880
BOOZ ALLEN	170	460			630	185	475	135		795	200	480	170		850
A.D. LITTLE	270	420	925		1615	270	430	965	290	1955	270	440	1035	465	2210
IBM	340	1280	6370		7990	340	1280	6400		8020	340	1280	6410		8030
DEC	95	360	2185	145	2785	130	360	2195	235	2920	165	360	2235	330	3090
EDS	110	285	2065	490	2950	160	345	2340	555	3400	200	440	2600	615	3855
CSC	70	450	2250	985	3755	90	465	2375	1065	3995	100	480	2445	1135	4160



# ORDER/INVOICE/FULFILLMENT

YNEYI

Acctg.  
ONLY

CUSTOMER/INVOICE TO

ORDER

CLIENT  
AUTH.

SHIP TO

ITEM TYPE

DETAIL

Inv. Comp.	By:	Date:	Client #	Order #	Inv. #	Multi-Invoicing of
ORIGINATOR (Signature) <u>[Signature]</u> DATE <u>8/16/90</u>						APPROVALS <u>[Signature]</u> VP Sales/Res.
Company	Ernst + Young			CA Tax Rate		
Name Mr./Ms.	Judy Hamilton			CT Tax 8%		
Position				Salutation		
Address	277 Parkline			State		
				Zip		
City	New York, NY 10172			Country		
Province				Fax		
Phone	212-927-9150 212-907-1500			Tlx		
Special instructions for invoicing, progress billing, or delayed payments, etc. <u>Hold billing until Oct. 1, 1990</u>						
Contract Year Beg. _____		Invoice <input type="checkbox"/> Fulfillment Only		Employee #		Employee #
End _____		Type <input type="checkbox"/> W/Order (OR)		Sold by: _____		Commission to: _____
<input type="checkbox"/> New Order (N1)		<input type="checkbox"/> Prior Yr (N3)		<input type="checkbox"/> Monthly (MO) _____ %		<input type="checkbox"/> _____ %
<input type="checkbox"/> Renewal (N2)		<input type="checkbox"/> Cancel		<input type="checkbox"/> Quarterly (QT) _____ %		<input type="checkbox"/> _____ %
		<input type="checkbox"/> Pending		<input type="checkbox"/> _____ %		<input type="checkbox"/> _____ %
PO# _____				INPUT Contract <input checked="" type="checkbox"/> Letter <input type="checkbox"/> Verbal <input type="checkbox"/>		
Attach all authorizing documents to white (contract) copy.						
Company		Ernst + Young			Province	
Name Mr./Ms.		Mr. Brian Buffington			Salutation	
Position					State	
Address		10201 Lee Highway			Zip	
					Country	
City		Fairfax, VA 22030			Phone 703-359-1346	
<ul style="list-style-type: none"> <li>Subscription (SB)</li> <li>Custom (YC/ZC/KC)VC</li> <li>Multiclient (MC)</li> <li>Reports (RP)</li> <li>Copies (CP)</li> <li>Consult/Present (PR)</li> <li>Newsletter (NL)</li> <li>Reimbursed Costs (EX)</li> <li>Merger/Acq. (ME)</li> <li>Exec Overview (EO)</li> <li>Conf/Seminar (CN)</li> </ul>						
Indicate US, UK, FR, VA	Prod. ID/Year	Item Type Code	Item Description or Title	Quantity	Price	Shipped By
VA	89/SIM4	RP	SI Market Analysis Rpt	2		
VA	90/SIR1	RP	SI/50 Market Analysis Rpt	2		
VA	90/SIR2	RP	SI Competitive Analysis	2		
VA	90/SOSP3	RP	SO Competitive Analysis	2		
US	89/MAN4	RP	Prof. Services Materials	2		
US	90/MAPES	RP	" " " "	2		
US	89/CANZ	RP	US Information Industry	2		
US	90/	RP	US Info Industry	2		
US	YNEY1		Custom consulting			
VA	89/SIM5	RP	SO Growth for the 1990s	2	30,000	
Fulfillment to be completed in: <input type="checkbox"/> Corporate <input type="checkbox"/> London <input type="checkbox"/> Virginia <input type="checkbox"/> France <input type="checkbox"/> Other _____						

• White - Contract • Green - Fulfillment • Yellow - Invoice • Pink - Originator • Goldenrod - Sales Manager

M&S180 8/89

INPUT



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## INPUT

Parlappany Place Corporate Center, Suite 201, 959 Route 46 East, Parlappany, NJ 07054-3492

(201) 299-6999

August 14, 1990

Ms. Judy Hamilton  
Ernst & Young  
New York, NY

Via FAX 212-927-9156

Dear Ms. Hamilton:

This proposal replaces that of August 8 and reflects my conversations with Brian Buffington on August 10 and 13. We will supply two kinds of assistance for your planning process:

A special U.S. subscription program with current reports and full support for the remainder of 1990:

- Systems Integration Market Analysis Report
- Systems Operations Market Analysis Report
- Systems Integration Competitive Analysis Report
- Systems Operations Competitive Analysis Report
- Professional Services Market Analysis Report (from the Market Analysis Program)
- U.S. Information Industry Report
- Preliminary high level 1990 U.S. forecasts
- Your subscription will include all current (1989) reports, with 1990 reports delivered when issued

Customised research to support your planning requirements, which will expand the information provided by the subscription programs.

The customised research will provide the following:

1. The size and growth of the E&Y segments, mapped from INPUT segments:

IT Strategy Consulting (part of INPUT's "Consulting" delivery mode as well as part of "Systems Integration")



- Information Management Consulting (part of INPUT's "Consulting" delivery mode as well as part of "Systems Integration")
  - Systems Planning, Design and Delivery (made up of INPUT's "Programming/Systems Analysis" delivery mode as well as part of "Systems Integration")
  - Systems Management (made up of part of INPUT's "Systems Operations" delivery mode)
2. Information on major IS Professional Services Companies
- The principal focus would be quantitative information on
    - Segment market shares
    - Vertical market shares (grouped into a relatively few large vertical markets)
    - Number of professionals by segment
  - We would also supply
    - Positioning on the segmentation continuum
    - A list illustrating partnerships and alliances, with a brief description of the alliances.
  - For purposes of this work, competitors would be divided into two groups
    - Firms offering a spectrum of services, namely, other Big 6, EDS, CSC, IBM, and DEC. For these, INPUT will provide detailed numeric breakouts.
    - General consultants with IS components (Booz, McKinsey, BCG, Bain, ADL, A.T. Kearney). For these, INPUT will supply segment shares only.





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3. As needed to supplement subscription information: More general information on historic performance, cost structure and profitability. INPUT will provide insights into such issues as success factors; general strength, weaknesses, and strategies; specific strategies. (We are assuming this will require approximately three senior staff days, or the equivalent.)

We can supply the information above on the following schedule:

- Published reports: Within two days after your acceptance
- Customized Research
  - Part One: Within three days after acceptance
  - Part Two: First week after acceptance (initial data)
  - Part Three: Ongoing

The total fee is \$30,000. The portion allocatable to the subscription is \$18,000.

For your information, as was requested, the subscription cost could be reduced further by omitting all subscription program support (that is, hot line, telephone consulting, and conferences). This would reduce the subscription program cost by an additional \$3,000., bringing the subscription program cost to \$15,000., and the total fee to \$27,000.

INPUT does not recommend this second option because INPUT's reports are the tip of its information iceberg. The access to INPUT's knowledge bases and senior staff is where INPUT typically adds the most value for its clients.



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Please call me if you have any questions. If this proposal is acceptable, please sign the authorization section and return a full copy of this letter.

Sincerely,



Tom O'Flaherty  
Vice President

TOF:ms

AUTHORIZED BY:  
Ernst & Young

ACCEPTED BY:  
INPUT

Name

Title

Date

Name

Title

Date

cc: Brian Buffington



	-Person Days-				Year			
	Actual	October ESMD	Accomplish	Plan	Actual	ESMD	Accomplish	Plan
BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
100 O'Flaherty, Tom	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	5.7	4.2	4.3	0.0
483 Goff, Chase	0.0	0.0	0.0	0.0	0.6	0.3	0.0	0.0
506 McGinn, John	0.0	0.0	0.0	0.0	3.6	3.6	3.6	0.0
20 Research	0.0	0.0	0.0	0.0	10.7	9.0	8.8	10.0
414 Ponnwitz, Joanne	0.1	0.1	0.1	0.0	0.4	0.3	0.1	0.0
30 Client Support	0.1	0.1	0.1	0.0	0.4	0.3	0.1	0.0
822 Hart Personnel	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0
60 Research Production Support	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0
331 Pereira, Dorothy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
70 General Administration	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
YN-EY1 Custom - Ernst & Young	0.1	0.1	0.1	0.0	13.7	9.3	8.9	10.0



	-Person Days-				-Year-			
	Actual	ESMD	Accomplish	Plan	Actual	ESMD	Accomplish	Plan
BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
100 O'Flaherty, Tom	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.0
414 Ponnwitz, Joanne	4.0	3.0	3.1	0.0	5.7	4.2	4.3	0.0
483 Goff, Chase	0.6	0.3	0.0	0.0	0.6	0.3	0.0	0.0
506 McGann, John	3.3	3.3	3.3	0.0	3.6	3.6	3.6	0.0
20 Research	8.7	7.4	7.2	0.0	10.7	9.0	8.8	10.0
414 Ponnwitz, Joanne	0.3	0.2	0.0	0.0	0.3	0.2	0.0	0.0
30 Client Support	0.3	0.2	0.0	0.0	0.3	0.2	0.0	0.0
822 Hart Personnel	2.4	0.0	0.0	0.0	2.4	0.0	0.0	0.0
60 Research Production Support	2.4	0.0	0.0	0.0	2.4	0.0	0.0	0.0
331 Pereira, Dorothy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
70 General Administration	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
YN-EY1 Custom - Ernst & Young	11.4	7.6	7.2	0.0	13.6	9.3	8.8	10.0

